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FEDERAL COMMUNICATIONS COMMISSION  
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Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

In the Matter of	)	
	)	
MCI Telecommunications Corporation	)	CC Docket No. 97-250
	)	Reference No. CCB/CPD 98-12
Petition for the Prescription of Tariffs	)	
Implementing Access Charge Reform	)	

To: The Commission

**COMMENTS OF THE  
COMPETITIVE TELECOMMUNICATIONS ASSOCIATION**

The Competitive Telecommunications Association ("CompTel"),<sup>1</sup> by its attorneys and pursuant to Public Notice DA 98-385, released February 26, 1998, hereby submits these comments in support of the above-captioned petition filed by MCI Telecommunications Corporation ("MCI") on February 24, 1998 (the "MCI Petition").<sup>2</sup>

The current process by which incumbent local exchange carriers ("ILECs") recover presubscribed interexchange carrier charges ("PICCs") from end-users is flawed. The ILECs bill the PICCs to presubscribed interexchange carriers ("IXCs"), who in turn must collect the PICCs from end-users. The MCI Petition correctly identifies two sets of flaws in that process. First,

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<sup>1</sup> CompTel is a nationwide association representing competitive providers of telecommunications services. With more than 200 members offering a wide variety of telecommunications services, CompTel is committed to the goal of expanding consumer choice in the local exchange and exchange access markets, where competition is in the earliest stages of development. CompTel has been involved integrally in the legislative process that produced the Telecommunications Act of 1996 and has participated extensively in the implementation proceedings before the FCC and state commissions.

<sup>2</sup> CompTel would emphasize that its support of the MCI Petition regarding the manner in which PICCs are collected does not alter its strongly-held view that the Commission (cont'd...)

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there is absolutely no reason why IXC's should be involved as middlemen in that process. The ILEC's have the data and billing capability to collect PICCs from subscribers, and as the ultimate beneficiaries the ILEC's should be solely responsible for collecting the PICCs. Second, the current process cannot work properly unless IXC's have *timely, accurate* and *verifiable* end-user line type information from the ILEC. To date, the ILEC's have failed to provide such information to IXC's, thereby impeding the ability of IXC's to verify their own PCCC bills and accurately collect PICCs from end users. The Commission should act promptly in response to the MCI Petition, as well as petitions filed by other parties, to reform the PCCC collection process.<sup>3</sup>

**I. COLLECTION OF THE PCCC FROM END-USERS SHOULD BE THE RESPONSIBILITY OF THE ILECS**

The PCCC collection process should be streamlined to eliminate the role of the IXC's. There simply is no need to involve IXC's as middlemen in collecting PICCs from subscribers. Clearly, the ILEC's are capable of collecting the PCCC themselves. Indeed, under the current procedures, many IXC's collect PICCs from end-users through inserts in bills that are sent by the ILEC's. Further, the ILEC's are the only entities which have the data necessary to bill PICCs accurately, and to date they have not provided such data to the IXC's in a timely fashion, or in a

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should eliminate the multi-line business PCCC, for the reasons stated in CompTel's expedited petition for reconsideration in CC Docket No. 96-262 on July 11, 1997.

<sup>3</sup> The MCI Petition also requested that the Commission prescribe interstate access charges based upon the ILEC's' economic costs of providing exchange access. For the reasons set forth in its comments in to the petition for rulemaking filed by Consumer Federation of America, the International Communications Association and the National Retail Federation on December 9, 1997, RM 9210, CompTel strongly supports cost-based access charges. However, because the issue of cost-based access charges is pending in other rulemaking proceedings, CompTel wishes to focus these comments upon the PCCC collection issues raised in the MCI Petition. If the Commission determines to consider access reform in response to the MCI Petition, CompTel hereby incorporates by reference its January 30, 1998 comment in the RM (cont'd...)

way that has enabled the IXC's to verify or audit the data.

The current PICC collection process harms both IXC's and end-users in several ways. Without timely, accurate and usable data, IXC's must estimate PICCs and there is a risk that they could bill individual end-users incorrectly. End-users are harmed when they are charged too much, and the IXC-customer relationship also may be harmed when subscribers receive inaccurate PICC bills from their IXC's. Further, given the competitive interexchange marketplace today, many IXC's may choose to err on the side of underestimating PICCs to preserve customer relations. In effect, the market would force IXC's to incur a significant expense due solely to the failure of the ILECs to provide IXC's with the ability to bill PICCs accurately to their subscribers. Lastly, IXC's are harmed under the current process because they must pay PICCs regardless whether they are successful in collecting the PICCs from end-users.

IXC's also may be subject to losses regarding end-users who do not incur long distance charges during a billing period. MCI stated that from 25-30% of its subscribers may not place even one long distance call during a month. *See* MCI Petition at 8. For those customers, IXC's normally would have the option of not sending a billing insert or statement to reduce administrative expenses. However, if IXC's are required to collect the PICC from end-users, they would have to submit a bill to the end-user even when it is otherwise not efficient to do so, or carry PICCs on their books for one or more billing periods. By contrast, ILECs generally send a bill to every customer every month for local and other services, and they would not face this problem.

CompTel is not aware of any reasons why IXC's should be involved in any way in the

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9210 proceeding.

PICC collection process. These payments are made by end users to compensate ILECs for local loop costs. The ILECs have the data and billing capability to collect the PICCs directly from end users. By inserting IXC's as needless middlemen in the PICC collection process, the FCC has ensured that there will be at least two sets of PICC administrative costs – the ILECs' and the IXC's – that ultimately will be collected from end-users through higher retail long distance rates. There is absolutely no reason why IXC's should be incurring significant administrative costs to process PICC bills from ILECs, verify and audit these bills, collect the PICCs from end-users, keep the necessary books of account, and handle customer relations problems caused by errors or confusion. The most efficient and consumer-friendly process is for the ILECs to collect PICCs directly from end-users.

Finally, there are competitive reasons why the ILECs should be responsible for collecting the PICCs from end-users. Some ILECs already provide in-region long distance service, and Section 271 of the Telecommunications Act of 1996 establishes the requirements for in-region interLATA entry by the Bell Companies. Once an ILEC has entered the in-region long distance market, it will have an incentive to provide inaccurate, untimely or otherwise unusable data to unaffiliated IXC's, while providing accurate, timely and usable data to its own long distance affiliate. This behavior could provide a significant unfair competitive advantage to the ILEC's affiliate, while being difficult for federal or state regulators to monitor, detect or remedy.<sup>4</sup> The

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<sup>4</sup> In circumstances where a customer is the customer of both an ILEC and its affiliated ILEC long distance carrier, both carriers are essentially treated as one for the purposes of CPNI and are permitted to share with each other their CPNI related to that customer. *See In the Matter of the Telecommunications Act of 1996: Telecommunications Carriers' Use of Customer Proprietary Network Information and Other Customer Information*, Second Report and Order, released on February 19, 1998.

FCC could avoid this anti-competitive situation by requiring ILECs to collect PICCs directly from end-users.

**III. MEASURES MUST BE ADOPTED TO ENABLE THE IXCS TO EFFECTIVELY RECOVER THE PICC IF THE LECS ARE NOT REQUIRED TO RECOVER THE PICC**

The MCI Petition asked the Commission to prescribe certain revisions in the ILECs' tariffs that are necessary for IXCs to collect PICCs from their end users in a timely and accurate manner. Those revisions are necessary, albeit only if the Commission continues to require the IXCs to act as middlemen in collecting PICCs from subscribers.

**A. IXCs Should Not Be Liable For PICCs If The ILEC Has Failed To Provide Timely, Accurate And Verifiable End-User Line Type Information**

The ILECs receive the benefit of PICCs regardless whether IXCs are able to collect them from subscribers. As a result, the ILECs do not currently have sufficient incentives to provide timely, accurate and verifiable line type information to IXCs. To create the proper incentives, the FCC should establish rules that make the ILECs' right to recover PICCs contingent upon their PICC bills to IXCs being verifiable in a timely manner. It is critical that IXCs have this capability for each subscriber in order to ensure that ILECs do not overcharge IXCs, and so that IXCs can properly collect the PICCs from subscribers. *See* MCI Petition at 19. The ILECs' obligation must include the provision of all information necessary to an IXC to identify accurately the number and types of lines on a per-customer basis.

Further, the FCC should require the ILECs to bill IXCs for PICCs and provide the necessary backup materials in a timely manner. As part of the timeliness requirement, the ILECs should not be permitted to bill PICCs more than one month in arrears. *See* MCI Petition at 20.

**B. The Definition of Primary And Secondary Lines Should Be Standardized**

IXCs need clear, standard, and verifiable definitions for line types and auditable line count information if they are to collect PICCs properly. *See* MCI Petition at 17. As MCI noted, its January access invoices reveal that it was billed on a basis of invalid carrier codes, misclassified customers, and duplicated line count records. *See* MCI Petition at 19. It is likely that other IXCs have experienced similar problems. Moreover, in the ILECs' tariffs that became effective on January 1, 1998, a wide range of definitions for primary and secondary residential lines was used. The FCC must promptly establish a uniform definition of primary and secondary residential lines to ensure that IXCs can collect PICCs accurately. CompTel further supports the proposal that IXCs should have the right to request an independent audit of the ILECs' data and systems through which they calculate PICCs and bill them to IXCs.<sup>5</sup>

**C. The ILECs Should Be Required To Use A Standard Snap-Shot**

MCI requested that a standard date be utilized by all ILECs when determining which customers' PICCs are to be assigned to which IXCs. *See* MCI Petition at 24. Currently, different ILECs take this PICC "snapshot" at different times in the month and send PICC bills and back-up data to IXCs at different intervals. In order to enable IXCs to process PICC bills and back-up data efficiently, the Commission should require the ILECs to take their PICC snapshot at the same time and to send PICC billing and back-up data to IXCs at consistent

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<sup>5</sup> The Commission already has initiated a rulemaking proceeding to address that issue. *See In Re Defining Primary Lines*, CC Docket No. 97-181, 12 FCC Rcd 13647 (1997). CompTel urges the FCC either to issue an order in this docket, or to prescribe language in the ILEC tariff investigation matter, that requires the ILECs to adopt standardize, clear, and competitively neutral residential line definitions. *See* MCI Petition at 17.

intervals. The current approach needlessly increases IXCs' PICC administration costs to the detriment of end users and the IXCs themselves.

**D. The IXC Should Not Be Held Responsible For PICCs Of Non-Customers**

On December 3, 1997, Sprint filed a Petition for Declaratory Ruling requesting that the Commission declare that, if an IXC has terminated service to a presubscribed customer and notified the ILEC, the IXC is not liable to the ILEC for that customer's PICCs. CompTel previously filed comments in support of Sprint's de-PIC proposal, and the MCI Petition likewise offers strong support. *See* MCI Petition at 23. The situation where an IXC has terminated its business relationship with the customer is no different than one in which the customer has decided not to presubscribe its line to that IXC, and no PICC is appropriate. Additionally, as stated in its Sprint Petition comments, CompTel supports a dispute resolution process where any IXC that is assessed a PICC for a line that it does not serve as a presubscribed IXC may immediately make notification to the billing LEC accompanied by a certified statement or affidavit verifying that the IXC does not serve the line in question. *See* CCB/CPD 98-2, Comments of CompTel at 4-5.

**IV. CONCLUSION**

For the foregoing reasons, CompTel supports the MCI Petition and urges the FCC to remove IXCs from the PICC collection process or, in the event the FCC decides to keep IXCs as middlemen in the PICC collection process, to establish requirements upon ILECs that are


necessary for IXCs to bill PICCs with verifiable accuracy, in a timely manner, and with a minimum of administrative costs and customer inconvenience.

Respectfully submitted,

**THE COMPETITIVE  
TELECOMMUNICATIONS ASSOCIATION**

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March 18, 1998



## **CERTIFICATE OF SERVICE**

I, Beatriz Viera, hereby certify that a true and correct copy of the foregoing **Comments of Competitive Telecommunications Association** has been served on this 18th day of March, 1998, by hand deliver of U.S. mail, postage prepaid, upon the following:

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